



Arnold Schwarzenegger  
Governor

September 23, 2010  
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Ms. Andrea T. Baker, Director  
Merced County Department of Workforce Investment  
1880 West Wardrobe Ave.  
Merced, CA 95340

Dear Ms. Baker:

AMERICAN RECOVERY AND REINVESTMENT ACT  
FISCAL AND PROCUREMENT REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2009-10

This is to inform you of the results of our review for Program Year (PY) 2009-10 of the Merced County Department of Workforce Investment's (MCDWI) financial management and procurement systems for activities funded by the American Recovery and Reinvestment Act of 2009 (ARRA) and Workforce Investment Act (WIA). This review was conducted by Ms. Carol Hammond from June 21, 2010, through June 25, 2010. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, cost/resource sharing, single audit and audit resolution policies and procedures for its subrecipients, and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management. In addition, we reviewed the membership of MCDWI's Local Workforce Investment Board and Youth Council.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by MCDWI's with applicable federal and state laws, regulations, policies, and directives related to the WIA and ARRA grant regarding financial management and procurement for PY 2009-10.

We collected the information for this report through interviews with representatives of MCDWI, a review of applicable policies and procedures, and a review of documentation retained by MCDWI for a sample of expenditures and procurements for PY 2009-10.

## **BACKGROUND**

For PY 2009-10, MCDWI was allocated: \$936,124 to serve adult participants; \$2,248,759 to serve youth participants; and \$1,793,404 to serve dislocated worker participants.

For the quarter ending March 31, 2010, the MCDWI reported the following expenditures and enrollments: \$668,823 to serve 119 to serve adult participants; \$2,118,871 to serve 787 youth participants; and \$883,406 to serve 232 to serve dislocated worker participants.

## **FISCAL REVIEW RESULTS**

We conclude that overall, MCDWI is meeting applicable WIA and ARRA requirements concerning financial management.

## **PROCUREMENT REVIEW RESULTS**

We conclude that overall, MCDWI is meeting applicable WIA and ARRA requirements concerning procurement.

In addition to the above review results for MCDWI's fiscal and procurement systems, we reviewed the membership of its Workforce Investment Board (WIB) and Youth Council (YC) for compliance. We found that MCDWI's is meeting the applicable WIA and ARRA requirements concerning WIB and YC membership.

This report contains no open findings or concerns; therefore, we are issuing this report as the final report.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is MCDWI's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Consequently, any deficiencies identified in subsequent reviews, such as an audit, would remain MCDWI's responsibility.

Ms. Andrea Baker

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September 23, 2010

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Jennifer Shane at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar". The signature is fluid and cursive, with the first name "Jessie" written in a larger, more prominent script than the last name "Mar".

JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Division

cc: Greg Gibson, MIC 50  
Jose Luis Marquez, MIC 50  
Daniel Patterson, MIC 45  
Roger Schmitt, MIC 50